TORREY UPDATE: RESORT COMMUNITIES TAX

The issue: Torrey has a very small population and is the gateway to Capitol Reef National Park, one of Utah's Mighty Five which results in high demands on local resources and infrastructure.

Torrey Town Council voted on 9/11/2025 to impose the 1.1% Resort Communities Tax. This new sales tax should generate over $100,000 of much-needed new revenue. The tax will go into effect on Jan. 1, 2026.

Reality: Torrey's budget is approximately $365,000 per year, which is not adequate to provide the level of services that residents and visitors tell us they want. **<u>While no one wants to collect and pay additional taxes, the resort communities tax is primarily imposed on visitors (accommodations and restaurants), and the challenge is that Torrey does not have much flexibility to raise additional revenue.</u>** Currently, 24 communities in Utah collect this tax, including Panguitch, Springdale, Moab, Bryce Canyon, Tropic, Kanab and more.

Reality: <u>Torrey needs to operate a reliable and safe culinary water system for residents and visitors.</u> Our water service district is a much larger area than the incorporated town. What does that mean? It means that Torrey provides water to residents and businesses that don't pay property taxes to Torrey, and the sales tax revenue generated by those businesses outside the town limits doesn't go to Torrey Town's budget.

Reality<u>: Torrey has to maintain and fix town roads.</u> While some road funds are received from UDOT, Torrey gets no additional state funds to maintain & repair town roads.

Reality<u>: Torrey needs to fix the Sand Creek Bridge (access to Sleeping Rainbow subdivision)</u>**.** Many sources of funding for municipalities are drying up. Torrey is working with Rep. Malloy for an appropriation of Federal Funds to fix the bridge, but it isn't ikely that our project will be funded.

Reality: <u>Torrey is a tourism destination.</u> However, the bulk of the tourism taxes collected (Transient Room Tax at 4.25% - will increase to 4.5% on Oct. 1 and the "Restaurant Tax" at 1%) both go to Wayne County, not Torrey.

Reality: <u>Torrey's current permanent population is 260</u> according to the Utah Dept. of Workforce Services (2024). The total estimate room capacity of Torrey is 319, not including Short-Term Rentals. <u>These statistics are more than adequate and meet the requirements of the law.</u>

WHAT IS THE RESORT COMMUNITIES TAX?

<u>The Resort Communities Tax</u>

A city or town, where the transient room capacity (e.g., hotel/short-term lodging) is at least 66% of its permanent census population, may impose a resort communities **sales and use tax of up to 1.1% on applicable taxable transactions.** ***(Utah Code 59-12-104)***

What businesses & sales will be taxed? These taxes apply to retail sales and services, specifically including:

Lodging services (e.g., hotel, motel stays, short te)

Meals and prepared food sold (e.g., in restaurants or cafés)

Tangible personal property (i.e., physical goods like clothing, outdoor equipment, art & crafts, electronics)

Services, such as certain personal or professional services

Admissions to recreation, entertainment, or amusements

The Utah State Tax Commission will notify businesses that will need to collect and remit the Resort Communities Tax.